

OREM CITY COUNCIL/ALPINE SCHOOL DISTRICT
SPECIAL JOINT MEETING
56 North State, Orem, Utah
September 3, 2014

This meeting was for discussion purposes only. No official action was taken.

CONDUCTING	Mayor Richard F. Brunst, Jr.
OREM ELECTED OFFICIALS	Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark Seastrand, David Spencer, and Brent Sumner
OREM STAFF	Brenn Bybee, Assistant City Manager; Stephen Downs, Assistant to the City Manager; Karl Hirst, Recreation Director; Ryan Clark, Economic Development Division Manager; and Taraleigh Gray, Deputy City Recorder
LYRB STAFF	Kelly Pfof
ALPINE BOARD OF EDUCATION	Jodee Sundberg, John Burton, Scott Carlson, Wendy Hart, Paula Hill, Deborah Taylor
ALPINE SCHOOL DISTRICT ADMIN.	Vern Henshaw, Superintendent; Rob Smith, Assistant Superintendent
INVOCATION	Councilmember Tom Macdonald

Mayor Brunst invited everyone to introduce themselves.

Items of Common Interest

Alpine School District Construction Update

Rob Smith, Assistant Superintendent, said construction projects at Canyon View were complete, which included parking improvement to the parent/student drop-off area on the west side of the school. Construction at the Orem Junior High School project should be complete sometime later this year.

Mayor Brunst asked about any other projects within the City.

Mr. Smith said there were many projects within Orem that Alpine School District had planned. Alpine School District could review those projects the Orem City Orem through Alpine's ten year plan to get feedback at a future time.

Mr. Andersen asked how much it cost to build a school like Westmore.

Mr. Smith said there were variables in the costs to build a new building, namely material cost, bidding process, seasonal conditions, and site issues. Typically it was in the range of \$140 to \$170 per square foot. New schools being built were approximately 78,000 square feet. The cost to build Westmore was about \$9.8 million.

Mayor Brunst said though the cost of building the school was high, the cost of staffing the school was higher and ongoing.

Mr. Smith discussed the seismic standards of some of the schools within Orem. He indicated that a study was carried out that examined the seismic integrity of schools within district. Alpine School District was actively working on addressing seismic concern projects with its capital facilities plan.

DISCUSSION – Creation of a Community Development Area (CDA)

Vern Henshaw, Superintendent, reported on the meeting held with Mayor Brunst and Mr. Davidson regarding the University place project. The Alpine School District had a process it typically progressed through with newly created Community Development Areas (CDA). He said Alpine School District had a buildings and grounds committee that evaluated the merit of proposals. After that evaluation, it goes to board for discussion and the committee leads it along. Dr. Henshaw said he met with Woodbury and Orem and the overall consensus and feeling he received from the committee was it would like to find a way to connect and partner with this newly conceptualized CDA. He said the committee recognized the value of the project and wanted to try to look for ways to partner.

Mayor Brunst said he was excited about the mall project. He provided background on the mall. He expressed strong concern that the retail side of the mall project be kept vibrant. Mall ownership had indicated intent to refurbish the project as a legacy project, and it was a huge investment to do so. University Place projected generating 2,500 new jobs from the project in that area, similar to the number of jobs that were lost through recent economic changes within Orem. Mayor Brunst said the City needed to keep its retail base up, and if they failed to then property taxes would have to rise. Mayor Brunst said that a majority of Alpine's tier-one schools were in Orem. If investment did not occur in mall / city, the mall could deteriorate, as well as the area surrounding it. Mayor Brunst said Orem was looking at a way to work with the Alpine School District on a Community Development Area (CDA). Woodbury's construction process would not move forward without it, which equated to the difference of 10 years in expected completion. The City was looking at a twenty year CDA which would bring in a worthwhile amount of property tax to the community. The City felt it was necessary to look at it to move the mall project forward as Orem needed an area for businesses to go. Mayor Brunst said the City looked at this from the perspective of tax increment financing, with base year being 2013-14. Any increase in sales and property tax at the mall over the base period would be divided between the taxing entities. It was not a subsidy. It was proposed that as property tax increased, 75 percent of the increment over the base would back to the mall, to be used for infrastructure, and 25 percent would be divided among the five taxing entities. After twenty years, all the property tax money would go to the five taxing entities. Mayor Brunst said moving this CDA creation along would help to secure resources in order to invest in infrastructure. Woodbury was looking at a new road to go north of the mall, and the increment would be used to help with that road which, in turn, would alleviate a lot of traffic burden at the University Place project. He

cautioned that it would only happen if the City (and the other taxing entities) moved quickly with it. Mayor Brunst passed around elevation examples for the mall development. He said timing was important. Money would be produced as post-tax increment, and if the mall did not perform, they would not take part in the tax increment financing. Mayor Brunst said it was a long-term look and cautioned that though growth had been vibrant over the last 25 years, the taxing entities should reinvest in that growth.

Mr. Andersen asked what the Alpine School District committee recommended.

Dr. Henshaw said the District wanted to find a way to be partners with the City in the proposal. The Alpine School District had a fiscal analyst looking at it. There was a possibility that it could be a lesser split than what was proposed, however the committee would continue forward and explore a comfort level that worked for everyone involved. Dr. Henshaw said he wanted the other Orem City Council members to know the Alpine School District had been a partner with Orem City for many years. He reminisced about a similar opportunity the Alpine School District had with Orem ten or fifteen years prior in having the opportunity to sit with Jim Reams and Mayor Washburn as they discussed a very similar issue. The Alpine School District was concerned about making sure Orem had neighborhood schools, and it wanted to find ways to revitalize communities. That was why the schools were being rebuilt and not just consolidated. The Alpine School Board still felt the same in that it was very concerned of the current issues. The Board wanted to work with Orem to continue building the kind of City everyone wanted.

Mayor Brunst said it was a process.

Mr. Seastrand asked if the Alpine School District foresaw a dramatic impact of more students and families with the University Place project.

Dr. Henshaw said he believed it would be less demanding on the Alpine School District based on housing and the overall development as compared to other projects that were purely residential.

Jodee Sundberg, Alpine School Board, asked the City Council if it was in unanimous support of the CDA.

Mrs. Black said she was extremely supportive of the creation of a Community Development Area. It was an opportunity to invest in the community and in the future of Orem. She said the chance to invest in the City by way of increment financing, not a direct tax, was a definite benefit of the concept.

Mr. Sumner said infrastructure was going to have to be replaced soon regardless of if the CDA was passed. Because of that fact, he felt doing a CDA was a win-win. He said a State Street study was being done, which should be completed in January. State Street was in dire need of a touch up. He said he believed the mall, with Woodbury's investment, would help State Street immensely in improving the look and feel of the corridor, in addition to job creation. He said he was very supportive of the CDA and wished it had been done years ago.

Mr. Seastrand said creating a CDA for the mall area was a perfect application of what the State allowed with that type of project. He said it was important in terms of economic development growth within the community. He said the mall project was a type that had less impact on school

districts, but had benefits and encouraged connection within the community. He said it was frustrating to have companies start in Orem and then leave. He said he believed the University Place project offered businesses long term potential.

Mr. Andersen said he liked new developments but did not like tax payers paying for them. He said he disagreed with redistributing the taxpayer money. His objection was that the money received through the tax increment financing was going to only one business. He objected to choosing a “winner” and forcing the other businesses to compete. He said he did not think it was fair.

Mayor Brunst said the money received from the increment financing would be going back to infrastructure. It would not be going into the pocket of a specific business.

Mr. Seastrand said that as property tax would go up, part of that increase would go to pay for bond instead of going into the total tax pool. Residents would not see an increase in their property taxes, but where the tax money was funneled would be what changed.

Mr. Andersen voiced concern that business taxes were getting lowered.

Mayor Brunst said the tax would stay the same. The question related to the creation of the CDA was determining where the tax would go and how it would be divided among the five taxing entities. He said that if the City and other taxing entities did not participate in the CDA, tax production would take longer and would likely amount to less. The CDA tax would be seen sooner and would take less time. No one would be getting a tax break in any way. The additional tax produced would be divided among the five taxing entities and the mall. Mayor Brunst said if the City let the mall deteriorate and sales went down, then citizen property rates would have to go up to help support city services. He restated that if the property tax was not produced, then the money would not be there to divide..

Mr. Macdonald said he did not believe the forefathers lost the battle because of a difference in knowledge. He said the biggest difference was in the tools. He said that, without the CDA, the Council did not have a tool to fight with. He acknowledged that the plan did not work without the Alpine School District. He said he was grateful to see Alpine working with the City and said Orem could not be revitalized without the help from the District. Mr. Macdonald said the CDA was a tool that other communities were using, and it could be a win-win for Orem.

Mr. Spencer said he liked Mr. MacDonald’s analogy of a tool. He said he thought the mall was where the City would step up to the plate to revitalize Orem. He said Orem needed something to draw people back into Orem. He asked for more information and specifics on what Woodbury would be able to spend the tax increment funds on.

Discussion – University Place

John Burton, Alpine School Board, asked how children would have access to the mall project at University Place.

Kris Longson, Woodbury Corporation, said a private park was being developed that would be open to the public. There was one specific area of the park that would be fenced off for children

to create a safe, controlled area for kids. He said the park would be indoor/outdoor so that it could function year-round. He said the park area would be a private development created for the public's use in an effort to create an atmosphere where families felt welcome.

Mr. Burton asked if there would be field trip opportunities to the planned private park area.

Mr. Longson said Woodbury had a program director that would work with schools in scheduling field trips and other types of events. There would be a stage in the open area which could be used for school choirs, dance concerts and other programs that would bring involvement.

Mayor Brunst and Mrs. Black said the park would be a great community resource.

Mrs. Sundberg asked what was happening with the RC Willey building as RC Willey was moving to the vacant Nordstrom space at the mall.

Mrs. Black said it would be used by Ashlee Furniture.

Drawing back to the discussion on the CDA, Mrs. Sundberg said she was concerned that if Orem was not rejuvenated, then people will flee and businesses leave.

Mayor Brunst said the City was trying to look at what action would best affect the long term perspective.

Set Date and Time for Next

The next meeting was scheduled for November 5, 2014, at noon in Orem.

Adjournment

Mrs. Black moved to adjourn, Mr. Sumner seconded. The vote to adjourn was unanimous.

The meeting adjourned at 1:31 p.m.

Donna R. Weaver, City Recorder

Approved: September 23, 2014